



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**
Deval L. Patrick, Governor ♦ Aaron Gornstein, Undersecretary

Testimony of Undersecretary Aaron Gornstein

Before the Joint Committee on Housing

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Introduction

Good morning, Chairman Eldridge, Chairman Honan and members of the Committee. Thank you for the opportunity to update you on what the Patrick Administration is doing to address the challenges of family homelessness in our state.

I would like to begin by thanking the chairs and the committee for recent passage of the \$1.4 billion housing bond bill so that we can continue our initiatives to produce and preserve affordable housing. We greatly appreciate your partnership on this bill and many other DHCD initiatives.

Mission of the Department

DHCD's overall mission is to strengthen cities, towns and neighborhoods to enhance the quality of life of Massachusetts residents. We provide leadership, professional assistance and financial resources to promote safe, decent affordable housing opportunities, economic vitality of communities and sound municipal management. And since July, 2009, we have also been responsible for providing shelter and services to homeless families and individuals.

Comprehensive Approach

We have adopted a comprehensive approach to family homelessness, and engaged other state agencies in the effort. This approach has four principal elements:

- Preventing homelessness;
- Establishing a strong safety net of shelters and services for those who become homeless;
- Rehousing families and linking them with support services in the community upon their exit from shelter; and,
- Creating more permanent housing.

My conviction that the comprehensive, coordinated approach is the right one has been strengthened by my visits to homeless shelters and shelter providers across the state. On these visits, I have heard

directly from the front line staff and the families themselves about their successes and their challenges. I have also made sure to visit our field offices to understand the dynamics and pressures that our staff and applicants face every single day. And I have formed numerous task forces and advisory committees with advocates, elected officials, and practitioners to receive critical input to our approach and strategies.

Our first priority is to prevent homelessness and help families avoid entering the shelter system. The RAFT and HomeBASE programs are valuable tools in this regard. We greatly appreciate that the Governor and the Legislature increased funding for the RAFT Program from \$260,000 in FY12 to \$10 million in FY14. Under the expanded RAFT program, in FY13, we prevented over 3,000 families from becoming homeless. In FY13, we also prevented an additional 1,000 families from entering shelter through the HomeBASE Program and through efforts undertaken by the Department of Children and Families. We know that prevention works and is cost-effective.

Second, our safety net of shelters and other services is the strongest in the nation. There is no other state that invests as much in sheltering families and working with them while they are in shelter and after they leave for permanent housing. We offer a full 12 months of stabilization services after a family moves into permanent housing, which goes a long way in helping them become more self-reliant and able to maintain their tenancies.

We also have focused extensively on creating new permanent housing for extremely low income families (those with income below 30% of area median income). Since 2007, we have created nearly 4,000 deeply subsidized units, including more than 700 units this year alone. We have done this by prioritizing projects for homeless families “out of round” and dedicating project-based vouchers to them. In fact, for the first time since the 1980s we have devoted approximately 500 project-based state vouchers for this purpose, along with hundreds of Section 8 project-based vouchers.

Besides creating new affordable housing, we’ve also made key investments to preserve and revitalize existing public and subsidized housing so we don’t lose affordable housing. We have invested nearly \$100 million each year to modernize state public housing and have brought online over 400 vacant public housing units over the past two years. We are now releasing more funds to make available another 200 vacant public housing units for occupancy. In addition to providing a 15% increase in allowable non-utility expense levels to local housing authorities over the past two years, we have also just launched a new mixed finance program at DHCD to undertake comprehensive revitalization of public housing development (called the High Leverage Asset Preservation Program) using both public and private funds and have awarded funds to 12 local housing authorities.

And since 2010, following passage of the landmark 40T legislation, our state investments have aided in the preservation of more than 10,000 apartments in privately-owned, subsidized housing, most of which were at-risk of being converted to market rate housing. In 2013, this has included two of the largest preservation transactions in state history: the 967-unit Georgetown Homes in Boston and the 867-unit State Street portfolio with properties located in six communities. Through concerted effort and coordination, we have not lost a single unit of affordable housing through the sale of a development to another owner.

To facilitate access to existing subsidized housing, in October we helped to launch the New Lease Program for Homeless Families, which will make available high-quality housing opportunities and

supportive services to approximately 200 homeless families each year through private and non-profit owners. We greatly appreciate the leadership in the private sector that spearheaded this. HUD Secretary Donovan is already considering this a national model.

Families who are exiting our emergency system into permanent housing often need support services to help them maintain their housing; this is where supportive housing comes in. We've committed to creating 1,000 new units of permanent supportive housing for low-income households over the next three years. I want to thank Chairman Honan for his leadership on the Community Housing and Services legislation, passed in 2012, which has formed the basis of our work in this area. We are well on our way towards achieving this goal, as we have awarded funds to nearly 600 new permanent supportive housing units during the first year of this initiative. And a few weeks ago, we released a Notice of Funding Availability for an additional 150 units with the new Housing Preservation and Stabilization Trust Fund, which was proposed by the Governor and enacted by the Legislature in the FY14 budget.

We have also created an innovative program for individuals, and will soon be implementing our new Social Innovations Financing initiative to create 500 permanent housing units for chronically homeless individuals. These "pay for success" programs involve leveraging the resources from the Executive Office for Administration and Finance, DHCD, MassHealth, the non-profits, and the private sector to not only provide better outcomes, but to save taxpayer dollars. We will be able to expand an approach to individual chronic homelessness that has been proven extraordinarily successful by the Massachusetts Housing and Shelter Alliance's "Home and Healthy for Good" program.

Coordination and Collaboration

Since coming to DHCD, I have committed our agency to ongoing collaboration and alignment among our staff, shelter providers, the regional housing agencies and regional homelessness networks, private owners, community action agencies, municipalities, and the advocacy community.

And as chair of the Interagency Council on Housing and Homelessness, I know how important it is to coordinate across state agencies to ensure success of our families. The ICHH has spurred and coordinated action plans in the areas of veterans housing, unaccompanied homeless youth, chronically homeless individuals, survivors of domestic violence, and many others. The overarching theme of all of these efforts is to coordinate closely among multiple state and local agencies so we can leverage our resources to the benefit of low income households.

These initiatives, taken together, make it clear that Governor Patrick and this Administration have made unprecedented state investments in affordable housing and homelessness prevention, and that we are executing a comprehensive approach to ensure that every dollar expended contributes as effectively as possible to ending this crisis.

Recent Challenges and the Response

Despite these important gains, we know that challenges remain. For example, the HomeBASE short-term rental assistance program, which started in 2011, is ending for approximately 5,400 families this fiscal year. Since July, assistance has already ended for approximately 3,000 of these families. We have been providing intensive case management and, in many cases, financial support to families impacted by

this time limit. And we are in the process of issuing 500 state rental assistance vouchers under the MRVP Program so these families can remain housed. To help more families in transition, in partnership with the Fireman Foundation and regional providers, we launched the Secure Jobs initiative, which has placed more than 250 families in jobs since February. We also have engaged 18 Community Action Agencies to work with our regional HomeBASE providers on providing job training, job placement and other critical support services to these families.

Our staff and our provider agencies are doing phenomenal work that is paying off. I am pleased to report that approximately 90% of the families impacted by the HomeBASE time limits thus far are stably housed in the community, while only 10% have had to return to shelter (and many of these families have already been rehoused). In October and November, only about 4% of families whose HomeBASE assistance had ended returned to shelter. This number is dramatically lower than many outside organizations predicted. We know we have much more to do and will continue to work closely with every family in the months ahead.

Another major challenge has been the recent increase in families needing emergency shelter. After experiencing a 30% decrease in the family homeless population earlier this year, the numbers of families entering emergency shelter increased by 70% from July through September compared to previous quarters. The National Alliance to End Homelessness is reporting that there were large increases in family homelessness across the country during the summer months.

There are many factors that may explain the recent increase. Some include: expected seasonal fluctuation corresponding to the end (and then the beginning) of the school year; rising rents and a shortage of affordable apartments; difficulties of obtaining employment and inequalities in the economy; families who have been doubling up, but who have exhausted their options; federal budget cuts; domestic violence; and the challenges of substance abuse and mental illness.

In response to this recent increase, DHCD has taken a series of aggressive steps to mitigate the problem. Some of these include:

- We are increasing congregate shelter capacity by 650 beds. Since September, we have brought online more than 300 new beds, and by the end of March nearly all of the 650 beds will be added to our shelter system.
- DHCD has issued 500 MRVPs to families in shelter. Already, approximately 75 families have leased-up apartments and we anticipate that the majority of the lease-ups will occur over the next 90 days.
- We are greatly increasing our support to families in motels. We have increased funding to the Regional Administering Agencies so they can provide more housing search assistance to these families and we are deploying our own staff to meet with families regarding assistance. We have recently hired three transitional specialists whose sole focus is on outreach to the motels. In addition, 16 staff have been added to cross-agency teams of the Department of Public Health and the Department of Children and Families so that we can enhance our services to these families, including coordinating with the local schools, ensuring family safety, and linking them up with available programs.

- Eight new field staff are focusing on expediting intake, appeals, and compliance and 4 more are being brought on soon.
- Two weeks ago, the Governor increased our FY14 capital budget to include a \$10 million fund to provide more permanent housing for very low income and special needs populations.
- For those families exiting shelter with the use of HomeBASE household assistance who do need to return, we have reduced the waiting period to return from 12 months to 3 months. One year is a long period of time to face housing instability with no access to shelter, especially for parents with school age children or pregnant women. Reducing this waiting period removes a disincentive for leaving shelter in the first place.
- We are providing a new \$2 million flexible fund to complement the \$4,000 in HomeBASE household assistance that families may receive upon exiting shelter. This aims to give up to 1,000 families access to up to an additional \$2,000 to exit shelter more quickly.
- Finally, we filed comprehensive legislation to reform an inefficient service delivery system. As you are aware, in Massachusetts public housing is administered by 240 different local housing authorities. I look forward to working with the committee to streamline this system to deliver more efficient outcomes.

Closing

With your support and input, we have been able to help thousands of families to obtain affordable housing and sustain this housing over the long-term. To tackle these challenging issues, we know that it takes a collaborative effort among all levels of government, the non-profit organizations, and the private sector. I have been truly heartened by the incredible volunteer support and grassroots initiative in communities across the Commonwealth.

But, I am confident that even in the face of these challenges we will continue to collaborate to prevent homelessness, to ensure the strongest safety net possible for those families needing assistance, and to create new affordable housing across the Commonwealth. We welcome your thoughts and ideas on what additional strategies we should be taking. I look forward to continuing that work with you on behalf of the families we serve. Thank you again.